

Enrollment Growth and Retention Program Guidelines

Action: The staff recommends that the council approve the attached Enrollment Growth and Retention Program Guidelines, contingent upon review by SCOPE at its May 13, 2002, meeting.

The 2002-04 budget bill, as amended, includes language directing the council to develop guidelines for the Enrollment Growth and Retention Program by July 1, 2003. The guidelines are to be developed in collaboration with the presidents to ensure a fair and equitable plan that promotes the implementation of *The Kentucky Postsecondary Education Improvement Act of 1997*. The guidelines are to be presented to the Strategic Committee on Postsecondary Education (SCOPE) for review before final adoption by the council. The budget bill does not include any funds for the program in 2002-04.

Draft guidelines for the 2002-04 Enrollment Growth and Retention Trust Fund were presented to the council November 5. Council members asked the staff to review the guidelines, especially the method for distributing funds based on retention rates. Revised guidelines are attached. Recommended enrollment and retention goals are presented on page 27.

According to the *Points of Consensus*, the proposed guidelines will allocate the funds to the institutions based on enrollment growth (Key Indicators 2.1 and 2.2) and each institution's funding objective per full-time equivalent student. As described in the attached guidelines, the allotments would be reduced if institutions did not achieve their enrollment or retention goals. Any unearned funds would be distributed to institutions that exceeded their enrollment goals.

The guidelines have been discussed with the presidents, the chief budget officers, and the chief academic officers, and they have been revised to address some of their concerns.

Enrollment Growth and Retention Program Guidelines

Introduction

The Enrollment Growth and Retention Program supports increased enrollment and retention in Kentucky's postsecondary education institutions. The council, in conjunction with the institutions, will establish enrollment and retention goals as part of the *Key Indicators of Progress toward Postsecondary Reform in Kentucky*. These goals reflect the *2001-2006 Action Agenda* and House Bill 1 initiatives for Kentucky to reach national averages in educational attainment by at least 2020.

The P-16 Challenge Grant Program rewards partnerships among public and independent colleges, P-12 schools, and communities to better prepare students for and enroll students in postsecondary education.

Objectives

The Enrollment Growth and Retention Program and the P-16 Challenge Grant Program:

- Supplement the existing benchmark funding approach.
- Provide institutions funds to support undergraduate and graduate enrollment growth during the biennium.
- Reward institutions for retaining more students.
- Encourage cooperation within local P-16 organizations.

Enrollment Growth and Retention Program

Allocation of Funds

Any available enrollment growth and retention funds will be allocated to the institutions based on projected full-time equivalent (FTE) enrollment growth (for example, projected growth between actual fall 2001 enrollment and fall 2002 enrollment goals) and benchmark funding objectives (adjusted to reflect the cost of undergraduate and graduate instruction). The headcount enrollment goals will be converted to FTE goals using the most recent actual FTE to headcount ratios. FTE will be

calculated based on total full-time headcount enrollment plus one-third part-time enrollment.

The cost of providing undergraduate and graduate education will be based on the benchmark funding objectives adjusted by cost factors obtained from the *1997-98 Education Cost Study* conducted by the Washington State Higher Education Coordinating Board (March 2000). These cost factors are listed below.

Research Universities	
Undergraduate students	0.8021
Graduate students	2.2907
Comprehensive Universities	
Undergraduate students	0.9792
Graduate students	1.3648
KCTCS and LCC	
Undergraduate students	1.0000

For example, if a university's benchmark funding objective is \$7,000, then its per FTE student funding objectives would be \$6,854 for undergraduate students ($\$7,000 \times .9792$) and \$9,554 for graduate students ($\$7,000 \times 1.3648$). The product of these funding objectives and projected FTE enrollment growth will be used to allocate, proportionately, the enrollment growth and retention program funds to each institution.

Disbursement of Funds

- The funds will be distributed to the institutions based on actual FTE enrollment and retention rates.
- Allotted funds will be adjusted by comparing actual to projected FTE enrollment growth. For example, if an institution achieved 80 percent of its projected FTE enrollment growth, it would be eligible to receive 80 percent of its allotted funds. If an institution achieved 105 percent of its projected FTE enrollment growth, it would be eligible to receive all of its allotted funds as well as a portion of any unearned funds.
- The revised allotments will then be further adjusted based on each institution's progress toward achieving its retention goals. Adjustments will be based on a sliding scale. If an institution achieves its retention goal, it will receive all of its revised allotment. If an institution's retention rate declines, the institution will receive 50 percent of its revised allotment. If an institution's retention rate does

not change, the institution will receive 75 percent of its adjusted allotment.

- If an institution's retention rate increases, but is less than its goal, the institution will receive a proportionate amount of its adjusted allotment based on a 75 percent to 100 percent scale (where no change equals 75 percent and achievement of the goal equals 100 percent). For example, if an institution achieves 60 percent of its retention goal increase, the institution will receive 90 percent of its adjusted allotment as follows:

$$\begin{array}{rcl} 100 & \text{Percent if goal achieved} & \\ 75 & \text{Percent if no change} & \\ \hline 25 & \text{Points sliding scale} & \end{array}$$

60 percent of goal achieved times 25 available points = 15 additional points earned ($.6 \times 25 = 15$)

75 percent minimum + 15 additional points = 90 percent of revised allotted funds earned

- Universities:
The retention cohort includes all fall first-time, degree-seeking freshmen (associate, baccalaureate, undecided, full-time, part-time). First-time freshmen who enroll in the summer and enroll again in the fall, and first-time students who earned college credit before graduation from high school are also included. Students enrolled at their native institution, at any other Kentucky state-supported or independent institution, or students who graduated by the following fall semester are considered retained.

Community and Technical Colleges:

The retention cohort includes all fall first-time, associate degree-, diploma-, or certificate-seeking freshmen (undecided, full-time, part-time). First-time freshmen who enroll in the summer and enroll again in the fall and first-time students who earned college credit before graduation from high school are also included. Students enrolled at their native institution, at any other Kentucky state-supported or independent institution, or students who graduated by the following fall semester are considered retained.

- The distributed enrollment and retention funds will be recurring to the institutions. The funds will be distributed on a quarterly basis.

Distribution of Unearned Funds

- Any unearned funds will be pooled and distributed to institutions that exceeded their enrollment goals.
- Any unearned funds will be distributed to the eligible institutions proportionately based on actual FTE enrollment in excess of the goals, adjusted benchmark funding objectives, and progress toward achieving retention goals. Adjustments for retention will be based on the same sliding scale used in the first distribution round.
- The distributed funds will be recurring to the institutions. The funds will be distributed on a quarterly basis.
- A sample calculation of the distribution of unearned funds is shown on page 39.
- The total funds distributed to an institution shall be limited to the institution's per student funding objective times actual FTE enrollment growth.

P-16 Challenge Grant Program

Any available P-16 Challenge Grant Program funds will be used to reward partnerships among public and independent colleges, P-12 schools, and communities which better prepare students for and enroll students in postsecondary education.

- To be eligible for grants, regions must have P-16 councils and establish goals for improving student preparation and postsecondary enrollment.
- Funds will be allocated based on performance, measured against goals.
- P-16 challenge grants will be awarded to regional councils developing programs that help:
 - Decrease the high school drop-out rate.
 - Increase the collegegoing rate of GED completers and high school graduates.
 - Increase the number of students taking the ACT.
 - Increase the number of AP or college level courses per 100 high school juniors and seniors.
 - Increase the percentage of high school students taking the pre-college curriculum or the ACT core coursework.
 - Improve college retention rates.

- P-16 councils should submit proposals stating their proposed performance indicators and measurable goals consistent with the objectives of the program. The amount of the awards will be based on the number and nature of the proposals received.
- Awards will be granted to P-16 councils meeting their goals.

**ENROLLMENT GROWTH AND RETENTION PROGRAM
SAMPLE CALCULATION FOR DISTRIBUTION OF UNEARNED FUNDS**

	Actual FTE* Undergraduate Enrollment Over Goal	Actual FTE* Graduate Enrollment Over Goal	Adjusted Undergraduate Cost Per FTE*	Adjusted Graduate Cost Per FTE*	Calculated Need	Retention Adjustment	Adjusted Need	Percent of Total	Distribution of Unearned Funds
Institution A	25	5	\$5,872	\$8,185	\$187,725	100%	\$187,725	16.88%	\$76,000
Institution B	30	10	\$9,250	\$26,416	\$541,660	80%	\$433,328	38.97%	\$175,300
Institution C	50	15	\$5,706	\$7,953	\$404,595	75%	\$303,446	27.29%	\$122,800
Institution D	75	0	\$5,000		<u>\$375,000</u>	50%	<u>\$187,500</u>	<u>16.86%</u>	<u>\$75,900</u>
Total					<u><u>\$1,508,980</u></u>		<u><u>\$1,111,999</u></u>	<u><u>100.00%</u></u>	<u><u>\$450,000</u></u>

* FTE = Full-time equivalent student